



July 24, 2010

Cost Allocation Study Sub-committee members:

In July of 2010, the Battelle Group of Richland, Washington released a preliminary report to the Idaho Department of Transportation attempting to provide a "fair cost allocation" to the Governor's Task Force on Idaho Road Maintenance and Funding. Members of the Idaho Trucking Association, in conjunction with the American Trucking Association, have reviewed this admittedly preliminary report and find five areas of disagreement.

First, we question the methodology and modeling used to arrive at conclusions and recommendations in the study. Combination vehicles (trucks) are erroneously charged with extremely excessive damage to roads versus lighter vehicles (one truck equals 10,000 automobiles) which are unsupported by any recognized study. The miles estimated for travel by passenger vehicles is just that, an estimate. GARVEE expenditures are expensed out over the six years of the study, instead of the forty year life expectancy of the roads and bridges they provide. And the State and Federal Taxes paid by trucks in Idaho are grossly understated.

Second, the report attempts to establish "parity" between passenger vehicles and commercial vehicles which we feel is comparing "apples to oranges". Commercial vehicles are engines of commerce. The Idaho Trucking Industry provides 34,687 jobs in our state, one in sixteen. Our wages exceeded \$1.2 BILLION in 2008. We transport 88% of all tonnage into and out of the state, and 72% of our communities are served only by truck. A typical five axle tractor- semitrailer paid \$8,607 in state highway user fees and \$8,959 in federal user fees and taxes in 2009. The study attempts to equate commercial vehicle paid miles to passenger car miles in setting registration fees and fuel taxes, ignoring the substantial contribution commercial trucks already make to our economy, our employment base and our highway tax structure.

Third, the study recommends drastic increases in diesel fuel taxes. Idaho already charges \$.25 per gallon pump tax. The six surrounding states average \$.218 per gallon, with Washington the highest (\$.38 per gallon) and Oregon the lowest (0). Does anyone doubt that interstate trucks and border domiciled vehicles will simply fuel up before entering or after leaving Idaho if we impose as much as a \$1.30 per gallon fuel tax? Can you imagine the economic impact of \$4.30 per gallon diesel fuel in Idaho while our neighbors charge \$3.00?

Fourth, there are 5,623 trucking companies in Idaho, most of them small, local and family owned. These companies pay property taxes, sales taxes, payroll taxes (including an estimated \$36 million in State of Idaho unemployment taxes in 2008) and income taxes to our cities, counties and the State of Idaho beyond the Federal and State highway user fees discussed above. The study ignores those contributions.

Fifth, the analysis projected revenue through 2012 based on 2007-2009 (state) and 2008-2009 (federal) data. Given that this period was characterized by much higher than average retail fuel costs and the worst economic period since the Great Depression, do you believe that the figures can reliably be used to predict future revenues? Wouldn't you get a more reliable baseline for projecting future revenues by looking further back? Why did the study team choose to use these particular years to make their projections?

In conclusion, based upon this preliminary study, the state's largest newspaper has already run a headline stating that heavy trucks are not paying their fair share of road costs. And one gubernatorial candidate has called for an increase in diesel taxes and a corresponding decrease in gasoline taxes. Let us be clear. The Idaho trucking industry, lead by the Idaho Trucking Association, believes that a fair and truly equitable increase in both registration fees upon all vehicles and an increase in pump fuel taxes on all fuels (gasoline, diesel and off road fuels) will be necessary in the future to fund Idaho roads. For two years we've had an offer "on the table" at the legislature to raise both our truck registration fees and diesel pump tax (5% and \$.06 per gallon respectively). We do however, believe the Battelle study arrives at incorrect allocations, and that attempting to close the gap in Idaho highway funding by taxing only these 5,623 small businesses during these economic times is both unfair and dangerously short cited.

Sincerely,

Kathy Fowers, President
Representing ITA Board of Directors

Cargo Express, Inc.

**We're Truckers but
We're employers and tax payers, too !**

Number of full time Idaho employees: **125**

Idaho Payroll in 2009: **\$ 4,626,411**

Contributions to Idaho Economy

Idaho Fuel Purchased	\$	528,253
Idaho Vendor Purchases	\$	1,118,791
Idaho State Insurance Fund	\$	230,381
Idaho Services (Legal, etc)	\$	41,311

Truck Taxes Paid in 2009

Road and Fuel Taxes, All States	\$	538,996	
Idaho Portion			\$ 44,479
Payroll Taxes (company portion only)	\$	319,967	
Federal Unemployment			\$ 13,033
Idaho Unemployment**			\$ 35,426
Annual licensing	\$	197,019	
Idaho Portion			\$ 31,523
Federal Excise (Sales) Taxes	\$	118,684	
Tolls and Fees, State and Local	\$	159,372	
Sales Taxes, Idaho	\$	67,126	
Sales Taxes, Other States	\$	12,691	
Total taxes	\$	1,413,855	
Direct Tax burden per Truck	\$	14,728	

Corporate Taxes Paid in/for 2009

Income Taxes, Federal and States	\$	273,005
Property Taxes Ada County	\$	18,504
Total Corporate Taxes	\$	291,509

Grand Total Tax Burden \$ 1,705,364

**Idaho unemployment taxes quadrupled between 2008 and 2010 to \$100K.

IDAHO MILK TRANSPORT, INC.

TAX BURDEN FOR 2009:

IDAHO PAYROLL 2009	\$ 2,753,847.00
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CONTRIBUTION TO ECONOMY

IDAHO FUEL PURCHASED	\$ 1,380,480.00
IDAHO VENDOR PURCHASES	\$ 1,687,000.00
IDAHO SERVICES (LEGAL, ETC)	\$ 39,811.00

TRUCK TAXES PAID IN 2009

ROAD AND FUEL TAXES IDAHO	\$ 106,673.00
PAYROLL TAXES	
FEDERAL UNEMPLOYMENT	\$ 7,291.00
IDAHO UNEMPLOYMENT	\$ 18,518.68
ANNUAL LICENSING IDAHO PORTION	\$ 68,930.00
FEDERAL EXCISE TAX	\$ 78,081.00
STATE PAYROLL TAX WITHHOLDING EMPLOYEE CONTRIBUTION	\$ 110,197.00
SALES TAXES IDAHO PORTION	\$ 97,888.21
MEDICAL INSURANCE - IDAHO	\$ 204,000.00

PROPERTY TAXES PAID FOR 2009	\$ 9,582.08
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**Idaho Unemployment burden more than doubles for the year 2010